

73rd MEETING
OF THE
MARYLAND HEALTH CARE COMMISSION

Thursday, May 19, 2005

Minutes

Chairman Salamon called the meeting to order at 1:15 p.m.

Commissioners present: Crofoot, Ginsburg, Lucht, Moffit, Moore, Nicolay, Risher, Row, Toulson, and Wilensky

ITEM 1.

Approval of the Minutes

Commissioner Crofoot made a motion to approve the minutes of the April 20, 2005 meeting of the Commission, which was seconded by Commissioner Risher, and unanimously approved.

ITEM 2.

Update on Commission Activities

- Data Systems and Analysis
- Health Resources
- Performance and Benefits

Chairman Salamon announced that the Governor signed three bills into law that involve the Commission. SB 1014 "Health Insurance – Small Group Market – Self-Employed Individuals" provides that there can be no new sole-proprietor enrollees in the small group market. HB 1017 establishes a Joint Legislative Task Force to study and make recommendations regarding the small group health insurance market. SB 269, the Maryland Health Care Commission membership bill, increases the membership of the Commission from 13 to 15 members and includes certain geographic and other requirements.

Chairman Salamon asked Commissioner Crofoot to discuss a resolution adopted by the Health Services Cost Review Commission regarding the nursing shortage in Maryland. Commissioner Crofoot stated that, after meeting with the President of the Maryland Hospital Association and with the Chairman of the HSCRC, the HSCRC passed a resolution that will require hospitals to dedicate .1% of their charges toward nursing education. That percentage will amount to about \$7 million per year. Commissioner Crofoot noted that this is a huge step toward solving the nursing shortage and should have a large impact on cost and quality of care.

Copies of the *Update* were available on the documents table and on the Commission's website at: <http://www.mhcc.state.md.us/mhccinfo/cmsnmtgs/updates/>.

ITEM 3.

EMERGENCY AND PROPOSED ACTION: COMAR 31.11.12 – Technical Corrections to the Limited Benefit Plan

Jane Pilliod, Assistant Attorney General, presented minor technical corrections to two provisions of the Limited Benefit Plan. She said that one correction is required because the benefit for facility charges for outpatient mental health and substance abuse was omitted from the cost-sharing groups. Ms. Pilliod said that the other amendment corrects a cross reference. Commissioner Nicolay made a motion that the Commission approve the regulations for emergency and proposed action, which was seconded by Commissioner Lucht, and unanimously approved.

ITEM 4.

CERTIFICATE OF NEED (CON)

- **Upper Chesapeake Medical Center – Expansion of Hospital Surgical Capacity, Docket No. 04-12-2147**

Chairman Salamon said that Upper Chesapeake Medical Center is seeking Certificate of Need approval for new construction between the existing hospital building and the adjacent Harford Surgical Pavilion, as well as renovation of existing space. He asked Debbie Rajca, Health Policy Analyst, to present the staff recommendation. Ms. Rajca said that Upper Chesapeake Medical Center's proposed project includes construction of a 9,919 square foot connection between the two buildings, and the renovation of 6,975 square feet of existing space. She stated that four additional operating rooms would be included in the new construction, along with four additional post-anesthesia care unit bays. She also said that the total estimated cost of the project would be \$9,890,047 and that the hospital did not request a rate adjustment to assist in paying for the project. She said that Upper Chesapeake Medical Center met all applicable State Health Plan standards, and complied with the Commission's CON review criteria. Commissioner Crofoot made a motion to approve the staff recommendation, which was seconded by Commissioner Ginsburg, and approved by the 9 voting members of the Commission. Commissioner Row recused herself from consideration of this agenda item.

ACTION: Upper Chesapeake Medical Center – Expansion of Hospital Surgical Capacity, Docket No. 04-12-2147, is hereby APPROVED.

- **Upper Chesapeake Medical Center – Hospital Expansion and Renovation, Docket No. 04-12-2144**

Chairman Salamon said that Upper Chesapeake Medical Center has also applied for Certificate of Need approval to construct a three-story addition on the east end of the facility. Again, he asked Ms. Rajca to present the staff recommendation for Commission action. Ms. Rajca said that Upper Chesapeake Medical Center proposed to construct a three-story addition on the east end of the facility. She said that the new construction includes space on the ground floor for the expansion of the emergency department from 33 treatment beds to 47 treatment beds. She also said that the addition would also include inpatient space on the first and second levels for a new critical care unit, as well as expanding the bed capacity from 127 to 156 beds and expanding the obstetric capacity from 9 to 14 beds. The total cost of this project would be \$31,346,504, and Upper Chesapeake plans to fund the project by the issuance of authorized bonds. Ms. Rajca noted that the hospital is not requesting a rate increase for this project. Vice Chair Wilensky made a motion to approve the staff recommendation, which was seconded by Commissioner Crofoot, and

approved by the 9 voting members of the Commission. Commissioner Row recused herself from consideration of this agenda item.

ACTION: Upper Chesapeake Medical Center – Expansion of Hospital Surgical Capacity, Docket No. 04-12-2144, is hereby APPROVED.

- **Chesapeake Eye Surgery – Establishment of a Two Operating Room Ambulatory Surgery Facility, Docket No. 0402-2147**

Chairman Salamon said the Chesapeake Eye Surgery Center applied for a Certificate of Need to increase its operating room capacity by converting an existing procedure room to a sterile operating room. He asked Christine Parent, Health Policy Analyst, to present the staff recommendation for Commission action. Ms. Parent said that the Chesapeake Eye Surgery Center is seeking to increase its operating room capacity by converting an existing procedure room to a sterile operating room. She said that the proposed conversion would require the reconstruction of space to increase the square footage, upgrade the air handling system, and perform related renovations. The capital expenditure for the conversion of the procedure room into an operating room is \$191,068. Ms. Parent said that the Center meets all standards in the State Health Plan, which will require the applicant to demonstrate, by the second full year of operation, that the facility has drawn sufficient patients to utilize the facility at optimal capacity. Commissioner Moffit made a motion to approve the staff recommendation, which was seconded by Commissioner Risher, and unanimously approved.

ACTION: Chesapeake Medical Center – Establishment of Two Operation Room Ambulatory Surgery Facilities, Docket No. 0402-2147, is hereby APPROVED.

- **Frederick Memorial Hospital – Modification to Previously Approved CON**

Chairman Salamon said that the Frederick Memorial Hospital applied for a modification to a previously approved CON in order to complete the project in a more timely manner and make better use of available space at the hospital. He asked Pat Cameron to present the staff recommendation for Commission action. Ms. Cameron said that previously the Commission approved an \$82.8 million expansion project at Frederick Memorial Hospital. She said that Phase I of the project involved expansion and renovation of the surgery department and was completed in October 2004. The facility has requested a modification to Phase 2 including a capital cost increase to \$88.8 million, and total project costs of approximately \$93.8 million. Ms. Cameron said that the changes in the project budget and design of the project were due to significant problems that arose during construction that caused unexpected delays. She said that based on the analysis, the change to the physical design of the proposed project is a permissible modification and that staff recommended that the Commission approve the requested changes to Frederick Memorial Hospital's capital project, and issue a Modified Certificate of Need. Commissioner Moffit made a motion to approve the staff recommendation, which was seconded by Commissioner Ginsburg, and unanimously approved.

ACTION: Frederick Memorial Hospital – Modification to Previously Approved CON, is hereby APPROVED.

ITEM 5.

PRESENTATION: Maryland's Small Group Health Insurance Market - *"Summary of Carrier Experience for Year Ending December 31, 2004."*

Chairman Salamon announced that the report on the financial survey of carriers was the first step in the annual review of the Comprehensive Standard Health Benefit Plan (CSHBP). He asked Janet Ennis, Chief, Benefits Analysis, to present the findings of the survey. Ms. Ennis said that the report contains a summary of carrier experience for the calendar year ending December 31, 2004 including: the number of covered lives; number of employer groups; number of policies; premiums earned; claims incurred; loss ratios; and the impact of riders on the average cost of the Standard Plan. Ms. Ennis reminded the Commission that the CSHBP must be offered by insurance carriers to small employers on a guaranteed issue, guaranteed renewal basis, without pre-existing condition limitations, and the rates are based on age and geographic location of the business. She said that the overall cost of the CSHBP for calendar year 2004 is 102% of the affordability cap; therefore the Commission must reduce benefits or increase cost-sharing during this year's annual review. Ms. Ennis said that enrollment in the CSHBP remained relatively flat in 2004, with a shift in enrollment from PPO and POS products to HMO plans. Ms. Ennis stated that Maryland's small group market remained highly concentrated in 2004, with two major carriers increasing their combined share of the small group market from 92% to 94%. After some discussion, Chairman Salamon requested a more extensive explanation regarding the benefits required of a federally qualified HMO and staff agreed to provide this information at a future meeting.

ITEM 6.

Hearing and Meeting Schedule

Chairman Salamon announced that the next meeting of the Commission would be on Thursday, June 16, 2005 at 1:00 p.m. at 4160 Patterson Avenue, Room 102, in Baltimore, Maryland.

ITEM 7.

Adjournment

There being no further business, the meeting was adjourned at 2:30 p.m. upon motion of Commissioner Crofoot, which was seconded by Commissioner Toulson, and unanimously approved by the Commissioners.